

CITY OF NEWTON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

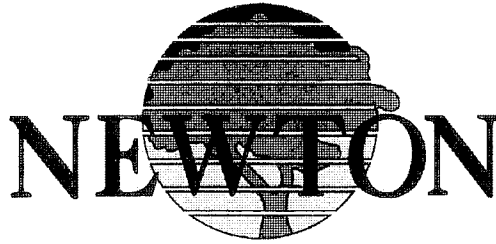
JUNE 30, 2008

City of Newton, Iowa
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INTRODUCTORY SECTION



March 13, 2009

To the Honorable Mayor, City Council, and Citizens of the
City of Newton, Iowa

I am pleased to submit the annual financial report for the City of Newton, Iowa, for the fiscal year ended June 30, 2008, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements on a cash basis of accounting. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The annual financial report is presented in four sections: introductory, financial, compliance and statistical. The introductory section includes the table of contents, letter of transmittal, the government's organizational chart, and a list of City officials. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements and required supplemental information. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The Compliance Section of this report includes the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and other matters.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council, which consists of a Mayor, and six-member Council. The City Council is responsible for adopting ordinances, policy resolutions, the annual budget and six-year Capital Improvements Program, appointing committees, and hiring the City Administrator and City Attorney. The City Administrator is responsible for overseeing the day-to-day operations of the government and for appointing and supervising the City's department directors. The City Council is elected on a non-partisan basis to four-year staggered terms with three Council members elected every two years. The Mayor is elected for a two-year term. Four of the Council members are elected within their respective wards, and the Mayor and the two remaining Council members are elected at-large.

This report includes all funds of the City of Newton. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery and parks and recreation activities. In addition to general government activities, the municipality owns and operates enterprises for a regional landfill, water pollution control facility, parking facilities, and golf course.

ECONOMIC CONDITION AND OUTLOOK

The City of Newton serves as the Jasper County seat and a local employment center. It is a regional retail hub, with a full range of shopping and services. The 2007-08 fiscal year was a time of endings and new beginnings for Newton's economy. Through aggressive pursuit of new businesses combined with local ingenuity, Newton was able to stabilize its economy and set a positive course for future growth.

A worldwide icon of dependability, the Maytag Corporation had made Newton its home for 113 years, but the 2007-08 fiscal year saw the Maytag era in Newton come to an end. The corporation continued to pull all its operations out of Newton, with its largest manufacturing plant closing its doors in October 2007. The loss of thousands of manufacturing and office jobs obviously created huge challenges for the local Newton economy.

With the end of Maytag came opportunities for new companies to utilize the facilities and workforce. Two major companies that chose to locate in Newton were manufacturers in the rapidly growing wind energy industry. TPI Composites started building a new, 300,000 square foot facility in Newton in December 2007. The factory, which opened later in calendar 2008, has made agreements to employ over 500 workers to manufacture wind blades. Trinity Structural Towers started remodeling a portion of the former Maytag plant in May 2008. The Trinity factory also opened later in 2008, with a commitment to employ at least 140 people manufacturing wind turbine towers.

The active renovation of the Maytag corporate campus in downtown Newton also began in 2008. Abandoned portions of the buildings in the complex were demolished, while other areas were prepared for future occupants. Iowa Telecom, the new owner of the majority of the complex, has expanded its headquarters operations and is actively seeking other occupants for vacant spaces. The Des Moines Area Community College continued to pursue its plans to convert some of the Maytag complex into a Career Academy for local students. This project is underway and slated to open in the Fall of 2009.

Newton remains the home of many strong local employers like Vernon Company, Newton Manufacturing, Thombert Inc., Rock Communications, and Cline Tool. It also has added innovative new ones like Springboard Engineering. This company formed out of the former Maytag research department, as over forty engineers decided to stay

in the community and use their expertise to become consultants, opening for business in January 2008. Springboard is emblematic of innovative small businesses that have started in Newton in the wake of Maytag's departure.

The most visible new economic success story in Newton in 2007-08 continued to be the Iowa Speedway. This \$70 million state-of-the-art facility opened in 2006 and hosts several large, nationally-televised events throughout each year. The Speedway consists of a 7/8 mile oval racetrack, an infield road course, over 25,000 permanent grandstand seats, and two dozen luxury suites. Developed as a public/private partnership, the Speedway continued its success in 2007-08. It made gains in attendance, traffic management, and attraction of larger NASCAR races in upcoming seasons. The community also saw the openings of two new convenience store/gas station/restaurants in the Speedway area, with an AmericInn hotel also beginning construction in Fiscal Year 2007-08. The Speedway is forecasted to continue to draw more tourists and new businesses to the area in future years.

In 2007-08, unemployment grew as a problem in Newton. In July of 2007, the unemployment rate for the Newton metropolitan area (inclusive of all of Jasper County) was 5.6%. That percentage spiked upward to 9.5% in December 2007, following the final closure of the Maytag manufacturing plant. By the end of the fiscal year, in June 2008, the unemployment rate had declined to 7.2%. With the opening of the two new large manufacturers in the second half of calendar 2008, it is anticipated that employment rates will improve.

The overall outlook for Newton is positive. Though the slow national economic situation does not help, Newton is still well-positioned for economic growth. The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. For these factors, Newton will continue to stabilize from the departure of Maytag and be poised for a strong future.

CITY OPERATIONS

The Mayor, City Council and City staff conduct strategic planning activities on a regular basis in order to provide the City with a firm sense of direction about its future as well as to evaluate current activities. The City conducted a strategic planning workshop in August of 2008.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the cash basis of accounting which is an other comprehensive basis of accounting. Internal control is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely

to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget with the exception of non-expendable trust funds, the internal service fund, and agency funds. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Debt Administration

At June 30, 2008, the City of Newton had a number of debt issues outstanding. These issues included \$22,104,852 of general obligation bonds, \$4,464,178 of sewer revenue capital loan notes, and \$105,000 of special assessment bonds and notes. The government has maintained its A1 rating from Moody's Investors Service on general obligation bond issues. Under current state statutes, the government's general obligation debt issues are subject to a legal limitation based on 5 percent of total actual value of real property. The government's net general obligation debt of \$26,569,030 was below the legal limit of \$36,679,732 and debt per capita equaled \$1,705.44.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, U.S. Treasury securities, and authorized mutual funds. The investment policy adopted by the City Council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by federal depository insurance or collateralized. All collateral on uninsured deposits was held either by the State Treasurer, the government, its agent, or a financial institution's trust department in the government's name. All of the investments subject to risk categorization were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Risk Management

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City has also established a self-insurance plan for medical, dental, and prescription drug expenses and purchases specific and aggregate stop-loss coverage from HCC / Comrisk Reinsurance. United Medical Resources has provided third party administration of the pool for the City since July 1, 2008.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Nolte, Cornman & Johnson P.C. was selected for this purpose. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

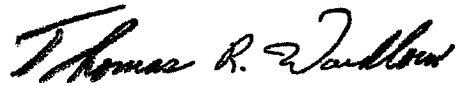
Evaluation by Moody's Investors Service

In 2007, Moody's Investors Service affirmed its A1 rating to the City of Newton's general obligation debt. In its affirmation, Moody's indicated that the assignment of the "A1" rating is based on the City's moderately sized tax base that has begun to address challenges related to the closing of the Maytag corporate headquarters and its research/production facilities; the return to structural balance in the City's various funds; and above average debt profile.

Acknowledgments

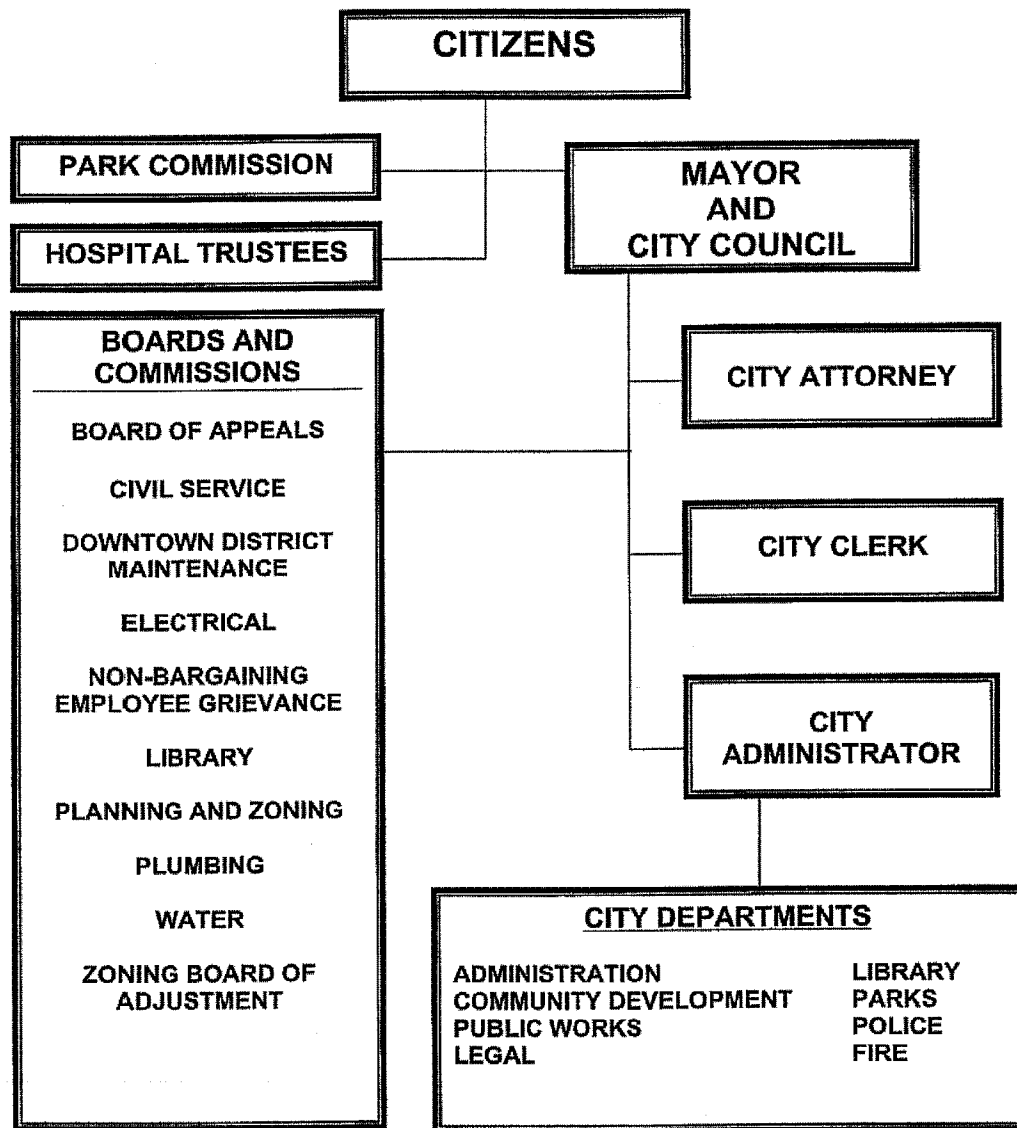
I am grateful for the support and interest of the Mayor and City Council, department directors and other management staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this report could not have been accomplished without the efficient and dedicated services of the Administration Department staff and the efficient assistance of the City's independent auditors, Nolte, Cornman & Johnson P.C.

Respectfully submitted,

A handwritten signature in black ink, reading "Thomas R. Wardlow". The signature is written in a cursive style with a large, stylized 'T' and 'W'.

Thomas R. Wardlow
Interim City Administrator

CITY OF NEWTON



City of Newton, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Allen	Mayor	December 31, 2009
Jon Ewing (Resigned)	Council-At-Large	December 31, 2009
D.J. Julius (Appointed)	Council-At-Large	December 31, 2009
Ron Foreman	Council-At-Large	December 31, 2011
Jim Plumb	Council-First Ward	December 31, 2011
Michael Hansen	Council-Second Ward	December 31, 2009
Marvin Morris	Council-Third Ward	December 31, 2011
Steve Mullan	Council-Fourth Ward	December 31, 2009
David Watson (Resigned)	City Administrator	Appointed
Tom Wardlow	Interim City Administrator	Appointed
Darrin T. Hamilton	City Attorney	Appointed
Candice Van Zee	City Clerk	Appointed

FINANCIAL SECTION

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Newton, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Newton. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newton at June 30, 2008, and the respective changes in financial position – cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

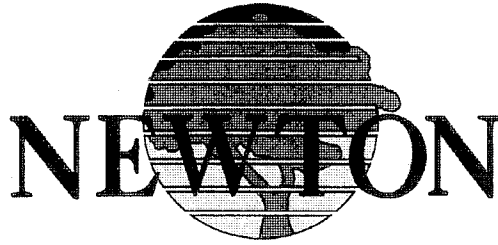
In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 11 through 17 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the aforementioned financial statements that collectively comprise the financial statements of the City of Newton. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedule 1 through 5, is presented for purposes of additional analysis and is not required parts of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section tables have not been subject to the auditing procedures applied by us in the audit of the financial statements, and accordingly we express no opinion on them.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

Newton, Iowa
March 13, 2009



**CITY OF NEWTON, IOWA
MANAGEMENT DISCUSSION AND ANALYSIS**

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's General Fund receipts of \$9,663,369 increased \$2,299,905 or 31.23% from the FY 2007 receipts of \$7,363,464.
- General Fund property taxes decreased by \$983,559 or 23.24% to \$3,248,463 over the FY 2007 tax collections of \$4,232,022.
- The City's General Fund disbursements of \$8,684,413 increased \$1,037,660 or 13.57% from the FY 2007 disbursements of \$7,646,753.
- The City's General Fund end of year cash balance of \$3,373,283 increased \$978,956 or 40.89% from the FY 2007 cash balance of \$2,394,327.
- There were no significant changes in the City's operations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a statement of activities and changes in cash balances. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information provides detailed information about the annual budget, nonmajor governmental funds and debt obligations.

REPORTING THE CITY AS A WHOLE

The statement of activities and changes in cash balance presents information showing how the City's cash balance changed during the most recent fiscal year.

The City's governmental activities are displayed in the statement of activities and changes in the cash balance. Governmental activities include public safety public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

The business-type activities of the City include the landfill, sanitary sewer system, and other non-major enterprise funds. These activities are financed primarily by user charges.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Tax Increment Financing, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds. Governmental funds are reported on the basis of cash receipts and disbursements. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Financial records and reports are prepared on the basis of when cash is received and disbursed. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide statement of activities and changes in cash balance. The City maintains two Enterprise Funds to provide separate information for the landfill and sanitary sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The Internal Service Fund utilized by the City accounts for employee group health insurance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the City reports the activities of the funds using the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). The City does not report capital assets or depreciation on those assets as would be required by GAAP.

Governmental Activities

The City's end of year cash balance for governmental activities of \$7,337,337 increased \$732,553 or 11.09% from the FY 2007 end of year cash balance of \$6,604,820. This increase is attributed to donation from Whirlpool and local option sales and service tax revenue.

Changes in Cash Balance of Governmental Activities (Expressed in Thousands)			
	Governmental Activities		Total Change
	2008	2007	2007-08
Receipts and Transfers:			
Charges for service and sales	\$ 2,288	2,211	3.48%
Operating grants, contributions and restricted interest	3,509	1,656	111.90%
Capital grants, contributions and restricted interest	1,400	4,515	-68.99%
General revenues:			
Property tax	7,660	7,231	5.93%
Unrestricted investment earnings	219	298	-26.51%
Bond proceeds	0	740	-100.00%
Other general receipts	3,154	2,805	12.43%
Transfers	35	(506)	-106.92%
Total receipts and transfers	18,265	18,950	-3.62%
Disbursements			
Public safety	5,258	5,190	1.31%
Public works	2,571	2,191	17.34%
Health and social services	13	13	0.00%
Culture and recreation	1,753	1,550	13.10%
Community and economic development	3,466	8,346	-58.47%
General government	1,331	1,147	16.04%
Debt service	2,711	3,025	-10.38%
Capital project	430	547	-21.39%
Total disbursements	17,533	22,009	-20.34%
Increase(Decrease) in cash balance	732	(3,059)	123.93%
Cash Balance Beginning of Year	6,605	9,664	-31.65%
Cash Balance End of Year	\$ 7,337	6,605	11.08%

Changes in Cash Balance of Business-Type Activities (Expressed in Thousands)			
	Business-Type Activities		Total Change
	2008	2007	2007-08
Receipts and Transfers:			
Program receipts:			
Charges for service and sales:			
Landfill	\$ 1,257	1,059	18.70%
Sewer	2,145	2,174	-1.33%
Other	463	479	-3.34%
General receipts:			
Unrestricted investment earnings	112	61	83.61%
Bond proceeds	2,514	27	100.00%
Other general receipts	78	69	13.04%
Transfers	(35)	506	-106.92%
Total receipts and transfers	6,534	4,375	49.35%
Disbursements and Transfers:			
Landfill	689	1,067	-35.43%
Sewer	4,287	3,054	40.37%
Other	493	428	15.19%
Total disbursements	5,469	4,549	20.22%
Increase(Decrease) in cash balance	1,065	(174)	712.07%
Cash Balance Beginning of Year	3,378	3,552	-4.90%
Cash Balance End of Year	\$ 4,443	3,378	31.53%

THE CITY'S INDIVIDUAL MAJOR FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. The following are major reasons for the changes in cash balances from the prior year for the City's major funds.

Governmental Funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,373,283 increased \$978,956 or 40.89% from the prior year ending cash balance of \$2,394,327.

Proprietary Funds.

- The Sewer Fund end of year cash balance of \$1,524,720 decreased \$419,667 or 37.97% from the FY 2007 end of year cash balance of \$1,105,053.
- The Landfill Fund end of year cash balance of \$2,522,442 increased \$584,956 or 30.19% from the FY 2007 end of year cash balance of \$1,937,486.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following a required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once.

DEBT ADMINISTRATION

At FY2008 year-end, the City had \$26,674,030 in bonds and other long-term debt compared to \$26,133,084 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	2008	2007
General obligation bonds	\$ 22,105	\$ 23,575
Special assessment bonds and notes	105	140
Capital leases	-	72
Sewer revenue capital loan notes	4,464	2,346
Total	\$ 26,674	\$ 26,133

The City's general obligation bond rating continues to be A1 rating as rated by Moody's. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$26,569,030 is below the City's legal debt limit.

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE

After having implemented a one-cent sales tax in 2006, the city has realized additional revenues that have provided relief to property tax payers and funded needs and programs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact David Watson, City Administrator, 101 West 4th Street South, Newton, Iowa.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas R. Wardlow". The signature is fluid and cursive, with the first name "Thomas" being more legible than the last name "Wardlow".

Thomas R. Wardlow
Interim City Administrator

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BASIC FINANCIAL STATEMENTS

CITY OF NEWTON, IOWA
STATEMENT OF ACTIVITIES AND CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Receipts			Net (Disbursements) Receipts		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Governmental activities:						
Public safety	\$ 5,258,043	1,200,585	565,853	0	(3,491,605)	0
Public works	2,571,150	895,521	1,334,695	0	(340,934)	0
Health and social services	12,464	0	0	0	(12,464)	0
Culture and recreation	1,753,157	130,587	0	0	(1,622,570)	0
Community and economic development	3,465,451	0	1,587,921	1,323,674	(553,856)	0
General government	1,331,350	61,301	20,708	0	(1,249,341)	0
Debt service	2,711,173	0	0	0	(2,711,173)	0
Capital projects	430,141	0	0	75,969	(354,172)	0
Total governmental activities	17,532,929	2,287,994	3,509,177	1,399,643	(10,336,115)	0
Business-type activities:						
Landfill	688,865	1,257,373	0	0	0	568,508
Sewer	4,286,692	2,144,742	0	0	0	(2,141,950)
Golf	397,253	396,034	0	0	0	(1,219)
Parking	96,234	67,195	0	0	0	(29,039)
Total business-type activities	5,469,044	3,865,344	0	0	0	(1,603,700)
Total	\$ 23,001,973	6,153,338	3,509,177	1,399,643	(10,336,115)	(1,603,700)
General Receipts:						
Property tax levied for:						
General purposes					\$ 3,248,463	0
Employee benefits					1,720,241	0
Debt service					1,015,626	0
Tax increment financing					2,036,141	0
Other city tax					1,675,923	47,506
Unrestricted investment earnings					218,793	112,045
Bond proceeds, net					0	2,513,958
Special assessments					45,262	0
Miscellaneous					1,040,044	30,640
Sale of capital assets					32,742	0
Transfers					35,433	(35,433)
Total general receipts and transfers					11,068,668	2,668,716
Changes in cash balances					732,553	1,065,016
Cash balances beginning of year					6,604,820	3,377,959
Cash balances end of year					\$ 7,337,373	4,442,975
						11,780,348

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue					Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
	General	Road Use Tax	Employee Benefits	Increment Financing	Tax				
Receipts:									
Property tax	\$ 3,248,463	0	1,720,241	0	1,015,626	0	0	0	5,984,330
Tax increment financing collections	0	0	0	2,036,141	0	0	0	0	2,036,141
Other city tax	1,255,033	0	392,798	0	28,092	0	0	0	1,675,923
Licenses and permits	190,394	0	0	0	0	0	0	0	190,394
Use of money and property	189,192	0	159	54,585	3,188	24,935	8,035	0	280,094
Intergovernmental	586,561	1,334,695	0	2,911,595	0	75,969	0	0	4,908,820
Charges for services	2,036,389	0	0	0	0	0	0	0	2,036,389
Special assessments	3,797	0	0	0	41,465	0	0	0	45,262
Miscellaneous	998,145	0	6,351	3,300	0	32,248	0	0	1,040,044
Total receipts	8,507,884	1,334,695	2,119,549	5,005,621	1,088,371	133,152	8,035	0	18,197,307
Disbursements:									
Governmental activities:									
Public safety	3,727,328	0	1,407,313	0	0	0	0	0	5,134,641
Public works	1,453,527	1,036,847	54,184	0	0	0	0	0	2,544,558
Health and social services	12,464	0	0	0	0	0	0	0	12,464
Culture and recreation	1,449,102	0	273,986	0	0	0	0	0	1,723,088
Community and economic development	605,941	0	48,551	2,793,402	0	0	3,689	0	3,451,583
General government	1,086,031	0	182,665	0	0	0	0	0	1,268,716
Debt service	0	0	0	0	2,711,173	0	0	0	2,711,173
Capital projects	0	0	0	0	430,141	0	0	0	430,141
Total disbursements	8,334,413	1,036,847	1,966,699	2,793,402	2,711,173	430,141	3,689	0	17,276,564
Excess(deficiency) of receipts over (under) disbursements	173,471	297,848	152,850	2,212,219	(1,622,802)	(296,989)	4,346	0	920,943
Other financing sources (uses):									
Sale of capital assets	32,742	0	0	0	0	0	0	0	32,742
Transfers in	1,122,743	0	54,252	0	1,694,747	0	0	0	2,871,742
Transfers out	(350,000)	(398,185)	0	(2,388,066)	0	(50,058)	0	0	(3,186,309)
Total other financing sources (uses)	805,485	(398,185)	54,252	(2,388,066)	1,694,747	(50,058)	0	0	(281,625)
Excess(deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	978,956	(100,337)	207,102	(175,847)	71,945	(347,047)	4,346	0	639,118
Cash balances beginning of year	2,394,327	156,074	(168,182)	2,519,047	40,632	938,103	472,141	0	6,352,142
Cash balances end of year	\$ 3,373,283	55,737	38,920	2,343,200	112,577	591,056	476,487	0	6,991,260
Amount reported for governmental activities in the statement of activities and changes in cash balance are different because:									
Excess of receipts and other financing sources over disbursements and other financing uses									
The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net loss of the internal service fund is reported with governmental activities.									
Change in cash balance of governmental activities									
								\$	639,118
									93,435
								\$	732,553

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Enterprise Funds				Internal
			Other		Service Fund
			Nonmajor		Group
	Landfill	Sewer	Enterprise	Total	Insurance
			Funds		
Receipts:					
Charges for services	\$ 1,257,373	2,144,742	463,229	3,865,344	1,479,184
Use of money and property	62,783	39,340	9,922	112,045	6,670
Other city tax	0	0	47,506	47,506	0
Miscellaneous	14,835	8,319	7,486	30,640	0
Total receipts	1,334,991	2,192,401	528,143	4,055,535	1,485,854
Disbursements:					
Business-type activities:					
Operations	619,595	3,668,022	493,487	4,781,104	0
Debt service	0	484,117	0	484,117	0
Capital projects	69,270	134,553	0	203,823	0
	688,865	4,286,692	493,487	5,469,044	0
Governmental activities:					
Non-program	0	0	0	0	1,742,419
Total disbursements	688,865	4,286,692	493,487	5,469,044	1,742,419
Excess(deficiency) of receipts over(under) disbursements	646,126	(2,094,291)	34,656	(1,413,509)	(256,565)
Other financing sources(uses):					
Bond proceeds, net	0	2,513,958	0	2,513,958	0
Transfers in	0	0	61,170	61,170	350,000
Transfers out	(61,170)	0	(35,433)	(96,603)	0
Total other financing sources(uses)	(61,170)	2,513,958	25,737	2,478,525	350,000
Excess of revenues and other financing sources over expenditures and other financing uses	584,956	419,667	60,393	1,065,016	93,435
Cash balances beginning of year	1,937,486	1,105,053	335,420	3,377,959	252,678
Cash balances end of year	\$ 2,522,442	1,524,720	395,813	4,442,975	346,113

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The City of Newton, Iowa, was incorporated in 1857 and operates under the Mayor/Council/Administrator form of government. The City of Newton provides a broad range of services to citizens, including general government, public safety, streets, sanitation, and health, cultural and park facilities, and social services. It also operates the airport, landfill, parking facilities, and sewer utilities.

Reporting Entity

For financial reporting purposes, the City of Newton, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. These criteria also include organizations that are fiscally dependent on the City.

The following component units are entities which are legally separate from the City. However, the financial transactions of these component units have not been displayed because they use a different basis of accounting.

The Newton Municipal Waterworks (Waterworks) is a municipal utility of the City of Newton, Iowa, which is operated under Chapter 338 of the Code of Iowa and the Newton City Code. The Waterworks is legally separate from the City but has the potential to provide specific benefits to, or impose specific burdens on the City. The Waterworks is governed by a three-member board appointed by the Mayor and approved by the City Council. The Waterworks has been audited separately. Complete financial statements can be obtained from the Waterwork's administrative office.

Skiff Medical Center (Medical Center) is a municipal hospital of the City of Newton, Iowa, organized under Chapter 392 of the Code of Iowa, and is governed by a five-member board elected by the citizens of Newton. The Medical Center is fiscally dependent on the City because general obligation bond issuance authorizations are approved by the City Council, and the liability for the general obligation bonds remains with the City. The Medical Center has been audited separately by other auditors. Complete financial statements can be obtained from the Medical Center's administrative office.

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Jointly Governed Organizations

The City also participates in several jointly governed organizations that provides goods or services to the citizenry of the city but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the Poweshiek-Jasper County Task Force, the Jasper County Joint E911 Service Board, and the Jasper County Assessor's Conference Board.

Government-wide Financial Statements

The government-wide financial statement (i.e., the statement of activities and changes in cash balances) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities and changes in cash balances demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Tax and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

(continued on next page)

Special Revenue Funds:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for the payment of employee benefits funded by the employee benefit property tax levy.

The Tax Increment Financing Fund is used to account for projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

Additionally, the City reports the following major proprietary funds:

The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except permanent funds, the internal service fund, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities, and non-program.

(continued on next page)

Property Taxes

By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. The levy or lien date is the date that the tax asking is certified by the City to the County. Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the governments.

Note 2 - Cash and Investments

The City's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit, or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no assets that were classified as investments at June 30, 2008.

Note 3 - Bonds and Notes Payable

Annual debt service requirements to maturity for the City's indebtedness are as follows:

(continued on next page)

Year Ending June 30,	General		Sewer Revenues		Special Assessment	
	Obligation Bonds		Capital Loan Notes		Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,085,000	\$ 836,661	\$ 404,000	\$ 413,781	\$ 35,000	\$ 7,380
2010	1,165,000	792,451	199,000	359,136	35,000	4,920
2011	1,155,000	742,552	205,000	307,886	35,000	2,460
2012	1,200,000	693,203	212,000	261,068	-	-
2013	985,000	640,039	219,000	211,183	-	-
2014	5,299,852	594,617	225,000	173,278	-	-
2015	1,265,000	519,469	232,000	133,855	-	-
2016	1,210,000	463,481	240,000	108,170	-	-
2017	1,075,000	408,755	247,000	87,006	-	-
2018	1,130,000	360,664	254,000	74,556	-	-
2019	1,045,000	309,835	263,000	61,410	-	-
2020	830,000	262,444	271,000	53,520	-	-
2021	850,000	223,888	279,000	45,390	-	-
2022	890,000	183,512	288,000	37,020	-	-
2023	930,000	141,238	298,000	28,380	-	-
2024	975,000	97,063	154,000	19,440	-	-
2025	1,015,000	50,750	159,000	14,820	-	-
2026	-	-	165,000	10,050	-	-
2027	-	-	150,178	5,100	-	-
Total	<u>\$ 22,104,852</u>	<u>\$ 7,320,622</u>	<u>\$ 4,464,178</u>	<u>\$ 2,405,049</u>	<u>\$ 105,000</u>	<u>\$ 14,760</u>

Year Ending June 30,	Total	
	Principal	Interest
2009	\$ 1,524,000	\$ 1,257,822
2010	1,399,000	1,156,507
2011	1,395,000	1,052,898
2012	1,412,000	954,271
2013	1,204,000	851,222
2014	5,524,852	767,895
2015	1,497,000	653,324
2016	1,450,000	571,651
2017	1,322,000	495,761
2018	1,384,000	435,220
2019	1,308,000	371,245
2020	1,101,000	315,964
2021	1,129,000	269,278
2022	1,178,000	220,532
2023	1,228,000	169,618
2024	1,129,000	116,503
2025	1,174,000	65,570
2026	165,000	10,050
2027	150,178	5,100
Total	<u>\$ 26,674,030</u>	<u>\$ 9,740,431</u>

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The resolutions providing for the issuance of the sewer revenue capital loan notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the Sewer Fund, and the note holders hold a lien on the future earnings of the fund.
- b) Establish a Subordinated Sinking Fund and make a monthly cash transfer equal to 1/6 of the installment of interest coming due on the next interest payment date plus 1/12 of the installment of principal coming due on the notes on the next succeeding principal payment date.

Note 4 - Variable Interest Rate on 2008A Series G.O. Bonds

During the year ended June 30, 2007, the City borrowed money to finance urban renewal. The money borrowed is at a variable interest rate with a cap at prime plus 1.25%. At June 30, 2008 the rate was 6.25%. The maximum amount of credit available to the City is \$3,721,500. It is expected that the U.S. Motorsport Corporation will be reimbursing the City for an imposed \$1 surcharge on all admission tickets sold, as well as interest on \$2 million of the line of credit used for economic development grants. Details of the City's borrowings are as follows:

Balance Beginning of Year	Increases	Decreases	Balance End of Year
\$ 3,644,852	0	0	3,644,852

Note 5 - Employment Retirement Systems

MFPRSI - The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan) which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, West Des Moines, IA 50263.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2008, 2007 and 2006 were \$648,188, \$709,104, and \$727,235, respectively, which (met) exceeded the required minimum contribution for each year.

IPERS - The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to

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plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary, and the City is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members are required to contribute 3.70% of their annual covered salary, and the City is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$203,585, \$181,942, and \$163,888, respectively, equal to the required contributions for each year.

Note 6 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2008, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	<u>\$ 596,814</u>

Upon termination, retirement, or death, City employees are not paid for unused sick leave.

This liability has been computed based on rates of pay in effect at June 30, 2008.

Note 7 - Landfill Closure and Postclosure Care

The City of Newton has entered into an agreement with several other municipalities as allowed under Section 28E of the Code of Iowa to provide for economical and environmentally responsible disposal of solid waste and establish permanent environmental responsibility for the Newton Sanitary Landfill.

State and federal laws and regulations require the Newton Sanitary Landfill to place a final cover on its landfill site when filled and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has estimated a total liability for the closure and postclosure of the landfill of approximately \$4,139,152. This amount is based upon the use of 27% of the estimated total capacity. The remaining \$107,617,952 will be recognized as the remaining capacity is filled.

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These amounts are based upon what it would cost to perform all closure and postclosure care in 2008. The City expects to close the existing area of the landfill in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

As specified in the 28E agreement, the City of Newton is responsible for only 55.6%, or \$2,301,369, of the total closure and postclosure cost of the landfill. The City's proportionate share is updated annually in accordance with Section 2.2(b) of the Landfill Intergovernmental Agreement.

The City has met the closure and postclosure financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test.

Note 8 - Transfers

The details of transfers for the year ended June 30, 2008, is as follows:

	Transfers in					Total
	General Fund	Employee Benefits Fund	Debt Service Fund	Internal Service Fund	Nonmajor Enterprise Funds	
Transfers out						
General fund	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000
Road use tax fund	350,000	39,359	8,826	-	-	398,185
Tax increment financing fund	746,219	14,893	1,626,954	-	-	2,388,066
Capital projects	26,524	-	23,534	-	-	50,058
Landfill fund	-	-	-	-	61,170	61,170
Nonmajor enterprise funds	-	-	35,433	-	-	35,433
Total	<u>\$ 1,122,743</u>	<u>\$ 54,252</u>	<u>\$ 1,694,747</u>	<u>\$ 350,000</u>	<u>\$ 61,170</u>	<u>\$ 3,282,912</u>

The transfer to the General Fund from the Road Use Tax Fund represents the reimbursement of disbursements that related to road use (traffic control, street lighting, storm sewer, sidewalks, etc.).

The transfer to the General Fund from the Tax Increment Financing (TIF) Fund represents the reimbursement of disbursements of the TIF administration and payment of loans of prior years to the TIF fund.

The transfer to the General Fund from the Capital Projects Fund represents a reimbursement for the sale of capital assets.

The transfer to the Employee Benefits Fund from the Road Use Tax Fund represents the reimbursement of disbursements for the benefits of the public works director and secretary.

The transfer to the Employee Benefits Fund from the Tax Increment Financing Fund represents the reimbursement of disbursements for the benefits of the economic development director.

The transfers to the Debt Service Fund are for the payment of debt.

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The transfer to the Internal Service Fund from the General Fund represents a supplement increase needed for extra costs assessed due to increases in insurance premiums.

The transfer to the Nonmajor Enterprise Funds represents the transfer to the Landfill Post Closure Fund from the Landfill Fund to set aside a balance to be used to pay for future costs for the closing of the current landfill.

Note 9 - Risk Management

The City of Newton is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance.

The City has established a Group Insurance Fund for insuring health benefits provided to City employees and covered dependents which are included in the Internal Service fund type. Health benefits were self-insured up to a specific stop loss amount of \$65,000, and an aggregate stop loss of approximately \$1,000,000 for 2008. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Employees paid from all funds of the City participate in the program, and the City makes payments to the Group Insurance Fund on their behalf based on actuarial estimates of the amounts needed to pay prior-year and current-year claims.

Note 10 - Commitments and Contingencies

The City's corporate counsel reported that as of June 30, 2008, various claims and lawsuits were on file against the City. The corporate counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON OF SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN BALANCES -
BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS AND
AND PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 5,984,330	0	0
Tax increment financing collections	2,036,141	0	0
Other city tax	1,675,923	47,506	0
Licenses and permits	190,304	0	0
Use of money and property	280,094	118,715	6,670
Intergovernmental	4,908,820	0	0
Charges for services	2,036,389	5,344,528	1,479,184
Special assessments	45,262	0	0
Miscellaneous	1,040,044	30,640	0
Total receipts	18,197,307	5,541,389	1,485,854
Disbursements:			
Public safety	5,134,641	0	0
Public works	2,544,558	0	0
Health and social services	12,464	0	0
Culture and recreation	1,723,088	0	0
Community and economic development	3,451,583	0	0
General government	1,268,716	0	0
Debt service	2,711,173	0	0
Capital projects	430,141	0	0
Business-type	0	5,469,044	0
Non-program	0	1,742,419	1,742,419
Total disbursements	17,276,364	7,211,463	1,742,419
Deficiency of receipts under disbursements	920,943	(1,670,074)	(256,565)
Other financing sources(uses), net	(281,825)	2,828,525	350,000
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	639,118	1,158,451	93,435
Balance beginning of year	6,352,142	3,630,637	252,678
Balance end of year	\$ 6,991,260	4,789,088	346,113

SEE NOTES TO FINANCIAL STATEMENTS.

Net	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
5,984,330	5,982,574	5,982,574	1,756
2,036,141	2,324,347	4,601,347	(2,565,206)
1,723,429	1,426,491	1,750,786	(27,357)
190,304	199,400	181,400	8,904
392,139	413,658	426,617	(34,478)
4,908,820	1,797,542	2,038,499	2,870,321
5,901,733	5,651,221	5,829,298	72,435
45,262	6,000	42,500	2,762
1,070,684	529,396	1,258,717	(188,033)
22,252,842	18,330,629	22,111,738	141,104
5,134,641	5,210,169	5,549,739	415,098
2,544,558	2,420,300	2,672,200	127,642
12,464	254,000	615,900	603,436
1,723,088	1,662,114	1,788,823	65,735
3,451,583	625,689	3,981,746	530,163
1,268,716	1,223,752	1,360,002	91,286
2,711,173	2,728,262	2,767,705	56,532
430,141	413,000	809,307	379,166
5,469,044	3,987,565	5,975,579	506,535
0	0	0	0
22,745,408	18,524,851	25,521,001	2,775,593
(492,566)	(194,222)	(3,409,263)	2,916,697
2,196,700	61,500	2,323,300	(126,600)
1,704,134	(132,722)	(1,085,963)	2,790,097
9,730,101	15,297,651	15,297,651	(5,567,550)
11,434,235	15,164,929	14,211,688	(2,777,453)

CITY OF NEWTON, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except permanent funds, the internal service fund, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major class disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, and the capital projects fund. Although the budgeted document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, the budget was amended increasing budgeted disbursements by \$6,996,150. This budget amendment was reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
 COMBINING SCHEDULE OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	Special Revenue		Permanent		Total
	Central Business District	Community Development Block Grant	Perpetual Care	Fred Maytag Park Endowment	
Receipts:					
Use of money and property	\$ 0	0	8,035	0	8,035
Total receipts	0	0	8,035	0	8,035
Disbursements:					
Governmental activities:					
Community and economic development	3,689	0	0	0	3,689
Total disbursements	3,689	0	0	0	3,689
Excess(deficiency) of receipts over(under) disbursements	(3,689)	0	8,035	0	4,346
Cash balances beginning of year	7,131	25,478	206,212	233,320	472,141
Cash balances end of year	\$ 3,442	25,478	214,247	233,320	476,487

CITY OF NEWTON, IOWA
 COMBINING SCHEDULE OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2008

	Landfill			
	Post Closure	Golf	Parking	Total
Receipts:				
Charges for services	\$ 0	396,034	67,195	463,229
Use of money and property	9,863	0	59	9,922
Other city tax	0	47,506	0	47,506
Miscellaneous	0	7,486	0	7,486
Total receipts	9,863	451,026	67,254	528,143
Disbursements:				
Business-type activities:				
Operations	0	397,253	96,234	493,487
Total disbursements	0	397,253	96,234	493,487
Excess(deficiency) of receipts over(under) disbursements	9,863	53,773	(28,980)	34,656
Other financing sources(uses):				
Transfers in	61,170	0	0	61,170
Transfers out	0	(35,433)	0	(35,433)
Total other financing sources(uses)	61,170	(35,433)	0	25,737
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	71,033	18,340	(28,980)	60,393
Cash balances beginning of year	325,248	4,433	5,739	335,420
Cash balances end of year	\$ 396,281	22,773	(23,241)	395,813

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
1995B Series, Urban renewal	6/1/1995	7.25 %	\$ 580,000
1999A Series, Street and park improvements and equipment	6/1/1999	4.25-4.50	1,440,000
1999B Series, Urban renewal	6/1/1999	6.30-6.85	720,000
2001A Series, Public improvements and equipment	5/24/2001	4.50-5.00	2,040,000
2001B Series, Urban renewal	5/24/2001	6.15-6.40	235,000
2002A Series, Refunding	5/29/2002	3.88	2,225,000
2002B Series, Refunding	11/1/2002	3.75	1,785,000
2003A Series, Public improvements and equipment	3/1/2003	2.65-4.25	1,515,000
2003B Series, Urban renewal	3/1/2003	4-10-5.20	725,000
2004A Series, Refunding	1/1/2004	2.45-3.75	1,060,000
2004B Series, Public improvements and equipment	9/15/2004	3.00-4.10	1,665,000
2004C Series, Public improvements and equipment	9/15/2004	3.70-5.10	1,135,000
2006A Series, Urban renewal	2/1/2006	9.50(a)	3,644,852
2006B Series, Iowa Speedway infrastructure	5/16/2006	4.25-5.00	9,700,000
2006C Series, Refunding	4/28/2006	3.60-3.80	1,290,000
2007A Series, Urban renewal	6/20/2007	5.55-5.75	740,000
Total			
Sewer Revenue Capital Loan Notes:			
2002 Sewer	4/3/2002	3.00 %	\$ 2,111,497
2003 Sewer, Refunding	3/6/2003	3.20-3.85	1,890,000
2007 Sewer	4/15/2007	3.00	2,561,000
Total			
Special Assessment Capital Loan Notes:			
2001D Series	5/24/2001	7.70 %	\$ 245,000
2001E Series	5/24/2001	5.35	75,000
Total			
Capital Leases:			
Ambulance	4/1/2003	4.15	\$ 257,790
Total			

Notes: a) Bond issued with variable interest rate with cap at prime + 1.25%.
At June 30, 2008 the rate was 9.50%.

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 180,000	\$ -	\$ 55,000	\$ 125,000	\$ 13,050	\$ -
735,000	-	100,000	635,000	32,233	-
430,000	-	50,000	380,000	28,372	-
1,385,000	-	125,000	1,260,000	64,920	-
135,000	-	25,000	110,000	8,487	-
90,000	-	90,000	0	3,488	-
285,000	-	285,000	0	10,688	-
1,145,000	-	85,000	1,060,000	42,538	-
590,000	-	75,000	515,000	27,817	-
820,000	-	110,000	710,000	26,175	-
1,645,000	-	110,000	1,535,000	59,686	-
1,015,000	-	125,000	890,000	46,300	-
3,644,852	-	-	3,644,852	301,738	-
9,700,000	-	-	9,700,000	450,119	-
1,035,000	-	235,000	800,000	38,280	-
740,000	-	-	740,000	39,442	-
<u>\$ 23,574,852</u>	<u>\$ -</u>	<u>\$ 1,470,000</u>	<u>\$ 22,104,852</u>	<u>\$ 1,193,333</u>	<u>\$ -</u>
\$ 1,909,000	\$ -	\$ 95,000	\$ 1,814,000	\$ 57,270	\$ -
410,000	-	200,000	210,000	12,718	-
27,220	2,513,958	101,000	2,440,178	36,241	-
<u>\$ 2,346,220</u>	<u>\$ -</u>	<u>\$ 396,000</u>	<u>\$ 4,464,178</u>	<u>\$ 106,229</u>	<u>\$ -</u>
\$ 100,000	\$ -	\$ 25,000	\$ 75,000	\$ 7,700	\$ -
40,000	-	10,000	30,000	2,140	-
<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 105,000</u>	<u>\$ 9,840</u>	<u>\$ -</u>
\$ 72,012	-	72,012	\$ -	\$ 2,988	\$ -
<u>\$ 72,012</u>	<u>\$ -</u>	<u>\$ 72,012</u>	<u>\$ -</u>	<u>\$ 2,988</u>	<u>\$ -</u>

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2008

Year Ending June 30,	General Obligation Bonds					
	1995B Series		1999A Series		1999B Series	
	Issued June 1, 1995		Issued June 1, 1999		Issued June 1, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	7.25 %	\$ 60,000	4.25 %	\$ 105,000	6.35 %	\$ 55,000
2010	7.25	65,000	4.30	110,000	6.45	55,000
2011	-	0	4.40	110,000	6.55	60,000
2012	-	0	4.50	100,000	6.70	65,000
2013	-	0	4.50	105,000	6.80	70,000
2014	-	0	4.50	105,000	6.85	75,000
2015	-	0	-	0	-	0
2016	-	0	-	0	-	0
2017	-	0	-	0	-	0
2018	-	0	-	0	-	0
2019	-	0	-	0	-	0
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 125,000</u>		<u>\$ 635,000</u>		<u>\$ 380,000</u>

Year Ending June 30,	General Obligation Bonds					
	2001A Series		2001B Series		2003A Series	
	Issued May 24, 2001		Issued May 24, 2001		Issued March 1, 2003	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.50 %	\$ 135,000	6.20 %	\$ 25,000	2.95 %	\$ 90,000
2010	4.50	140,000	6.30	25,000	3.20	90,000
2011	4.50	145,000	6.35	30,000	3.40	95,000
2012	4.60	155,000	6.40	30,000	3.65	100,000
2013	4.70	160,000	-	0	3.80	105,000
2014	4.80	165,000	-	0	4.00	105,000
2015	4.90	175,000	-	0	4.00	110,000
2016	5.00	185,000	-	0	4.10	115,000
2017	-	0	-	0	4.20	120,000
2018	-	0	-	0	4.25	130,000
2019	-	0	-	0	-	0
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 1,260,000</u>		<u>\$ 110,000</u>		<u>\$ 1,060,000</u>

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2008

Year Ending June 30,	General Obligation Bonds					
	2003B Series		2004A Series		2004B Series	
	Issued March 1, 2003		Issued January 1, 2004		Issued September 15, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.10 %	\$ 75,000	2.70 %	\$ 105,000	3.00 %	\$ 115,000
2010	4.50	80,000	2.90	105,000	3.25	120,000
2011	4.75	85,000	3.20	100,000	3.25	125,000
2012	5.00	90,000	3.45	100,000	3.50	130,000
2013	5.10	90,000	3.55	100,000	3.50	130,000
2014	5.20	95,000	3.65	100,000	3.63	135,000
2015	-	0	3.75	100,000	3.75	145,000
2016	-	0	-	0	3.88	150,000
2017	-	0	-	0	4.00	155,000
2018	-	0	-	0	4.10	160,000
2019	-	0	-	0	4.10	170,000
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 515,000</u>		<u>\$ 710,000</u>		<u>\$ 1,535,000</u>

Year Ending June 30,	General Obligation Bonds					
	2004C Series		2006A Series		2006B Series	
	Issued September 15, 2004		Issued May 15, 2006		Issued May 15, 2006	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.10 %	\$ 130,000	9.20 %	\$ 0	4.25 %	\$ 0
2010	4.30	135,000	9.20	0	4.25	0
2011	4.60	145,000	9.20	0	4.25	0
2012	4.80	150,000	9.20	0	4.25	0
2013	5.00	160,000	9.20	0	4.25	0
2014	5.10	170,000	9.20	3,644,852	4.25	635,000
2015	-	0	-	0	4.50	660,000
2016	-	0	-	0	4.50	685,000
2017	-	0	-	0	4.50	715,000
2018	-	0	-	0	4.50	750,000
2019	-	0	-	0	4.50	780,000
2020	-	0	-	0	4.63	815,000
2021	-	0	-	0	4.75	850,000
2022	-	0	-	0	4.75	890,000
2023	-	0	-	0	4.75	930,000
2024	-	0	-	0	4.75	975,000
2025	-	0	-	0	5.00	1,015,000
		<u>\$ 890,000</u>		<u>\$ 3,644,852</u>		<u>\$ 9,700,000</u>

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2008

Year Ending June 30,	General Obligation Bonds					
	2006C Series			2007A Series		
	Issued April 28, 2006			Issued June 20, 2007		
	Interest Rates	Amount	Interest Rates	Amount	Total	
2009	3.65 %	\$ 190,000	- %	\$ 0	\$ 1,085,000	
2010	3.70	195,000	5.75	45,000	1,165,000	
2011	3.75	200,000	5.75	60,000	1,155,000	
2012	3.80	215,000	5.75	65,000	1,200,000	
2013	-	0	5.75	65,000	985,000	
2014	-	0	5.75	70,000	5,299,852	
2015	-	0	5.50	75,000	1,265,000	
2016	-	0	5.50	75,000	1,210,000	
2017	-	0	5.50	85,000	1,075,000	
2018	-	0	5.55	90,000	1,130,000	
2019	-	0	5.60	95,000	1,045,000	
2020	-	0	5.75	15,000	830,000	
2021	-	0	-	0	850,000	
2022	-	0	-	0	890,000	
2023	-	0	-	0	930,000	
2024	-	0	-	0	975,000	
2025	-	0	-	0	1,015,000	
		<u>\$ 800,000</u>		<u>\$ 740,000</u>	<u>\$ 22,104,852</u>	

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2008

Year Ending June 30,	Sewer Revenue Capital Loan Notes					
	Issued April 15, 2007		Issued April 3, 2002		Issued May 24, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	3.00 %	\$ 96,000	3.00 %	\$ 98,000	3.50-3.85 %	\$ 210,000
2010	3.00	99,000	3.00	100,000		0
2011	3.00	102,000	3.00	103,000		0
2012	3.00	105,000	3.00	107,000		0
2013	3.00	109,000	3.00	110,000		0
2014	3.00	112,000	3.00	113,000		0
2015	3.00	116,000	3.00	116,000		0
2016	3.00	120,000	3.00	120,000		0
2017	3.00	123,000	3.00	124,000		0
2018	3.00	127,000	3.00	127,000		0
2019	3.00	132,000	3.00	131,000		0
2020	3.00	136,000	3.00	135,000		0
2021	3.00	140,000	3.00	139,000		0
2022	3.00	145,000	3.00	143,000		0
2023	3.00	150,000	3.00	148,000		0
2024	3.00	154,000	3.00	0		0
2025	3.00	159,000	3.00	0		0
2026	3.00	165,000	3.00	0		0
2027	3.00	150,178	3.00	0		0
		<u>\$ 2,440,178</u>		<u>\$ 1,814,000</u>		<u>\$ 210,000</u>

Year Ending June 30,	Sewer Revenue Capital Loan Notes	
	Total	
2009	\$	404,000
2010		199,000
2011		205,000
2012		212,000
2013		219,000
2014		225,000
2015		232,000
2016		240,000
2017		247,000
2018		254,000
2019		263,000
2020		271,000
2021		279,000
2022		288,000
2023		298,000
2024		154,000
2025		159,000
2026		165,000
2027		150,178
	<u>\$</u>	<u>4,464,178</u>

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2008

Special Assessment Capital Loan Notes					
Year Ending June 30,	2001D Series		2001E Series		Total
	Issued May 24, 2001		Issued May 24, 2001		
	Interest		Interest		
	Rates	Amount	Rates	Amount	
2009	7.70 %	\$ 25,000	5.35 %	\$ 10,000	35,000
2010	7.70	25,000	5.35	10,000	35,000
2011	7.70	25,000	5.35	10,000	35,000
		<u>\$ 75,000</u>		<u>\$ 30,000</u>	<u>\$ 105,000</u>

CITY OF NEWTON, IOWA
 SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2008

	2008	2007	2006	2005	2004
Receipts:					
Property tax	\$ 5,984,330	7,230,696	5,994,989	5,654,908	5,758,479
Tax increment financing collections	2,036,141	1,860,065	1,691,755	1,508,311	872,463
Other city tax	1,675,923	285,958	328,427	314,247	322,489
Licenses and permits	190,304	205,956	225,130	161,605	171,658
Use of money and property	280,094	346,163	244,662	192,121	210,000
Intergovernmental	4,908,820	6,171,243	1,799,776	2,203,808	2,458,778
Charges for services	2,036,389	1,957,417	1,942,775	1,905,605	1,707,917
Special assessments	45,262	77,206	15,647	7,123	20,695
Miscellaneous	1,040,044	497,221	960,438	440,812	588,492
Total receipts	<u>\$ 18,197,307</u>	<u>18,631,925</u>	<u>13,203,599</u>	<u>12,388,540</u>	<u>12,110,971</u>
Disbursements:					
Governmental activities:					
Public safety	\$ 5,134,641	5,168,187	5,024,945	4,977,075	4,805,464
Public works	2,544,558	2,186,286	2,109,548	2,282,945	2,159,562
Health and social services	12,464	12,898	14,721	40,177	287,589
Culture and recreation	1,723,088	1,544,680	1,456,883	1,525,350	1,271,987
Community and economic development	3,451,583	8,344,843	7,677,471	1,435,070	999,778
General government	1,268,716	1,136,829	1,114,948	985,365	1,018,977
Debt service	2,711,173	3,025,150	3,569,991	2,164,850	2,449,921
Capital projects	430,141	546,850	1,092,201	2,915,109	975,263
Total disbursements	<u>\$ 17,276,364</u>	<u>21,965,723</u>	<u>22,060,708</u>	<u>16,325,941</u>	<u>13,968,541</u>

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COMPLIANCE SECTION

CITY OF NEWTON, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
FEDERAL AVIATION ADMINISTRATION:			
AIRPORT IMPROVEMENT PROGRAM	20.106	3-19-0065-08-2004	\$ 8,126
AIRPORT IMPROVEMENT PROGRAM	20.106	3-19-0065-09-2006	26,430
			<u>34,556</u>
DEPARTMENT OF HOMELAND SECURITY:			
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM	97.044	EMW-2006-FD-11134	44,757
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM	97.044	EMW-2007-FD-00382	197,176
			<u>241,933</u>
INDIRECT:			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT:			
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM	14.228	07-OT-002-06	<u>539,232</u>
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM (PAIP)	14.228	07-PIAP-005	<u>211,871</u>
COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE	14.246	07-BRN-001 (A)	<u>378,342</u>
DEPARTMENT OF JUSTICE:			
GOVERNOR'S OFFICE OF DRUG CONTROL POLICY:			
BYRNE FORMULA GRANT PROGRAM	16.579	07JAG/C06-A25	<u>40,093</u>
DEPARTMENT OF LABOR:			
EMPLOYMENT AND TRAINING ADMINISTRATION:			
WORKFORCE INNOVATION DISLOCATED WORKERS	17.260	MI160120760A19	<u>183,675</u>
DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF PUBLIC DEFENSE:			
IOWA HOMELAND SECURITY AND EMERGENCY MANAGEMENT DIVISION:			
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTAILLY DECLARED DISASTERS)	97.036	FEMA-099-56505-00	<u>126,187</u>
DEPARTMENT OF NATURAL RESOURCES:			
IOWA DEPARTMENT OF NATURAL RESOURCES:			
CLEAN WATER STATE REVOLVING FUND (CWSRF)	66.458	CS192201-01	<u>507,412</u>
TOTAL			<u>\$ 2,263,301</u>

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Newton, Iowa and is presented on the cash basis of accounting which is an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Newton, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 13, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Newton, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Newton, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Newton, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Newton, Iowa's ability to initiate, authorize, record, process, or report financial data reliability in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of City of Newton, Iowa's financial statements that is more than inconsequential will not be prevented or detected by City of Newton, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by City of Newton, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Newton, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Newton, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City of Newton, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of City of Newton, Iowa and other parties to whom City of Newton, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Newton, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 13, 2009

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Audit's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council

Compliance

We have audited the compliance of City of Newton, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Newton, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Newton, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Newton, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Newton, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a material weakness.

City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Newton, Iowa, and other parties to whom City of Newton, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

March 13, 2009

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, which was considered to be a material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.106 - Airport Improvement Program
 - CFDA Number 14.228 - Community Development Block Grants/State's Program
 - CFDA Number 14.228 - Community Development Block Grants/State's Program (PIAP)
 - CFDA Number 14.246 - Community Development Block Grants/Brownfields Economic Development Initiative
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Newton, Iowa, did not qualify as a low-risk auditee.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Basic Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one individual has the ability to enter cash receipts, reconcile bank accounts, reconcile investments, and make entries to the general ledger.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult and the City has taken some steps to help minimize this problem. While the individual mentioned above has the ability to perform each of the functions listed, she is not doing so on a daily basis. However, the City should continually review its control procedures to obtain the maximum internal control possible under the circumstances, and management needs to be aware of the importance of segregating duties when assigning job responsibilities.

Response - The City is aware of the auditor's recommendation and has made a number of changes in its practices since this issue was first identified in the 1995 audit. Given the size of our administration staff compared to the range of City administrative responsibilities, some overlay of duties is necessary. The City Administrator and Director of Administrative Services are currently exploring ways to have more segregation of duties in the general administrative office.

Conclusion - Response accepted.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

SIGNIFICANT DEFICIENCIES:

CFDA Number 20.106 - Airport Improvement Program
Pass-through Agency Number: 3-19-0065-08-2004 and 3-19-0065-09-2006
Federal Aviation Administration
Pass through the Federal Aviation Administration

CFDA Number 14.228 - Community Development Block Grants/State's Program
Pass-through Agency Number: 07-OT-002-06 and 07-PAIP-005
Department of Housing and Urban Development
Pass through the Iowa Department of Economic Development

CFDA Number 14.246 - Community Development Block Grants/Brownfields Economic
Development Initiative
Pass-through Agency Number: 07-BRN-001 (A)
Department of Housing and Urban Development
Pass through the Iowa Department of Economic Development

III-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one individual has the ability to enter cash receipts, reconcile bank accounts, reconcile investments, make entries to the general ledger, and sign checks.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult and the City has taken some steps to help minimize this problem. While the individual mentioned above has the ability to perform each of the functions listed, she is not doing so on a daily basis. However, the City should continually review its control procedures to obtain the maximum internal control possible under the circumstances, and management needs to be aware of the importance of segregating duties when assigning job responsibilities.

Response - The City is aware of the auditor's recommendation and has made a number of changes in its practices since this issue was first identified in the 1995 audit. Given the size of our administration staff compared to the range of City administrative responsibilities, some overlay of duties is necessary. The City Administrator and Director of Administrative Services are currently exploring ways to have more segregation of duties in the general administrative office.

Conclusion - Response accepted.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-08 Certified Budget - City disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.
- IV-B-08 Questionable Disbursements - We noted no disbursements that fail to meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-08 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-08 Business Transactions - There were no business transactions between the City and City officials or employees that appear to represent a conflict of interest.
- IV-E-08 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-08 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-08 Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- IV-H-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy.
- IV-I-08 Solid Waste Fees Retainage - The City used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

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**STATISTICAL SECTION
(UNAUDITED)**

Table 1

CITY OF NEWTON, IOWA
TAX INCREMENT FINANCING FUND - STATEMENT OF CASH RECEIPTS
AND DISBURSEMENTS (UNAUDITED)
INCEPTION TO JUNE 30, 2008

Operating receipts:	
Bond proceeds	\$ 26,392,913
Interest on investments	139,880
Sale of property	1,195,701
Property taxes	15,247,514
Intergovernmental	7,192,012
Miscellaneous	595,639
	<hr/>
	50,763,659
	<hr/>
Operating disbursements:	
Property acquisition and improvement	8,254,401
Property demolition	368,432
Economic development grants	14,941,442
Legal and administrative	613,710
Property taxes	94,716
Relocation	47,050
Operating supplies	15,139
Structures	61,929
Refunds	506,000
Revenue bond principal	1,430,000
Revenue bond interest	878,194
Street improvements	1,239,670
City Hall site improvements	545,658
Private development improvements	457,407
Skiff Medical Center	280,000
Manufactured Gas Plant	1,877
Payment to other agencies	610,369
	<hr/>
	30,345,994
	<hr/>
Operating receipts over operating disbursements	20,417,665
Other transactions:	
Transfer to Debt Service Fund - bond interest	(15,656,956)
Transfer to General Fund - economic development	(2,964,542)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(48,412)
Transfer to Capital Projects Fund	(731,139)
Transfer to Sewer Fund	(547,555)
Interfund loan	1,876,639
	<hr/>
Cash and investment balance at June 30, 2008	<u><u>\$ 2,343,200</u></u>

Note: During fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properties located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

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Table 2

CITY OF NEWTON, IOWA
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS (UNAUDITED)

Year Ended June 30	Golf	Landfill	Sewer	Parking
1999	\$ 237,829	\$ 1,016,244	\$ 1,624,456	\$ 71,803
2000	247,336	1,066,190	1,727,724	64,783
2001	252,813	1,023,040	1,663,932	64,157
2002	310,166	1,101,874	1,799,290	68,049
2003	337,385	1,004,252	1,907,363	80,521
2004	361,043	1,207,756	1,996,295	78,717
2005	382,123	1,094,907	2,158,385	87,684
2006	347,108	1,004,324	2,201,492	78,449
2007	327,866	1,050,974	2,173,973	75,824
2008	396,034	1,257,373	2,144,742	67,195

CITY OF NEWTON, IOWA
COMPARITIVE TOTAL AND PER CAPITA PROGRAM DISBURSEMENTS (UNAUDITED)

Year Ended June 30	Population Per Census	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture and Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
1999	14,789**										
2000	14,789**										
2001	15,579***										
2002	15,579***										
2003	15,579***	\$ 4,545,241	\$ 291.75	\$ 1,983,636	\$ 127.33	\$ 82,434	\$ 5.29	\$ 1,604,289	\$ 102.98	\$ 704,691	\$ 45.23
2004	15,579***	\$ 4,758,804	\$ 305.46	\$ 2,147,898	\$ 137.87	\$ 280,590	\$ 18.01	\$ 1,260,323	\$ 80.90	\$ 988,114	\$ 63.43
2005	15,579***	\$ 5,023,931	\$ 322.48	\$ 2,293,480	\$ 147.22	\$ 40,177	\$ 2.58	\$ 1,536,731	\$ 98.64	\$ 1,438,161	\$ 92.31
2006	15,579***	\$ 5,164,297	\$ 331.49	\$ 2,140,871	\$ 137.42	\$ 14,721	\$ 0.94	\$ 1,490,716	\$ 95.69	\$ 7,686,675	\$ 493.40
2007	15,579***	\$ 5,189,928	\$ 333.14	\$ 2,191,174	\$ 140.65	\$ 12,898	\$ 0.83	\$ 1,549,961	\$ 99.49	\$ 8,346,277	\$ 535.74
2008	15,579***	\$ 5,258,043	\$ 337.51	\$ 2,571,150	\$ 165.04	\$ 12,464	\$ 0.80	\$ 1,753,157	\$ 112.53	\$ 3,465,451	\$ 222.44

* Prior to 2003 disbursements were reported by programs. Function information is not available for these years.

** 1990 census figures

*** 2000 census figures

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business-type Activities Disbursements		Total Disbursements	
Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
								\$ 18,034,278	\$ 1,219.44
								\$ 17,836,493	\$ 1,206.06
								\$ 17,936,321	\$ 1,151.31
								\$ 18,929,396	\$ 1,215.06
\$ 1,105,423	\$ 70.96	\$ 4,155,529	\$ 266.74	\$ 1,036,483	\$ 66.53	\$ 7,110,440	\$ 456.41	\$ 22,328,166	\$ 1,433.22
\$ 1,014,311	\$ 65.11	\$ 2,449,921	\$ 157.26	\$ 975,263	\$ 62.61	\$ 3,577,958	\$ 229.67	\$ 17,453,182	\$ 1,120.30
\$ 1,007,296	\$ 64.66	\$ 2,164,850	\$ 138.96	\$ 2,915,109	\$ 187.12	\$ 4,158,222	\$ 266.91	\$ 20,577,957	\$ 1,320.88
\$ 1,180,160	\$ 75.75	\$ 3,569,991	\$ 229.15	\$ 1,092,201	\$ 70.11	\$ 3,178,050	\$ 204.00	\$ 25,517,682	\$ 1,637.95
\$ 1,147,004	\$ 73.63	\$ 3,025,150	\$ 194.18	\$ 546,850	\$ 35.10	\$ 4,549,073	\$ 292.00	\$ 26,558,315	\$ 1,704.75
\$ 1,331,350	\$ 85.46	\$ 2,711,173	\$ 174.03	\$ 430,141	\$ 27.61	\$ 5,469,044	\$ 351.05	\$ 23,001,973	\$ 1,476.47

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Table 4

CITY OF NEWTON, IOWA
COMPARATIVE PROPERTY TAX RECEIPTS* BY FUND TYPE (UNAUDITED)

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
1999	\$ 3,464,404	\$ 2,209,366	\$ 1,197,079
2000	3,581,029	2,285,484	1,166,506
2001	3,628,493	2,217,650	1,104,795
2002	3,809,166	2,174,281	1,152,609
2003	3,962,126	2,346,229	1,212,722
2004	3,419,134	2,200,265	1,019,238
2005	3,210,594	1,737,090	924,383
2006	3,640,718	1,753,991	944,354
2007	4,433,214	1,820,874	1,339,772
2008	4,507,293	2,113,039	1,085,183

* Includes special assessments

CITY OF NEWTON, IOWA
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

<u>Year Ended June 30</u>	<u>Collection Year Ended June 30</u>	<u>Total Property Tax Levy</u>	<u>Current Property Tax Collections</u>
1998	1999	\$ 5,922,601	\$ 5,934,327
1999	2000	5,976,126	6,025,184
2000	2001	5,810,661	6,004,953
2001	2002	6,002,909	6,289,066
2002	2003	6,051,121	6,456,534
2003	2004	5,888,462	6,175,595
2004	2005	5,917,919	5,654,909
2005	2006	5,987,798	5,994,989
2006	2007	6,186,189	7,230,696
2007	2008	5,982,574	5,984,330

Table 5

<u>Percent of Property Tax Levy Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>TIF Property Tax Collections</u>	<u>Total Property Tax Collections</u>
100.20%	\$ 2,361	\$ 958,457	\$ 6,895,145
100.82%	373	1,027,627	7,053,184
103.34%	899	955,535	6,961,387
104.77%	1,249	857,895	7,148,210
106.70%	553	979,530	7,436,617
104.88%	3,509	934,565	7,113,669
95.56%	7,491	1,508,311	7,170,711
100.12%	1,060	1,691,755	7,510,791
116.88%	1,387	1,860,065	8,923,511
100.03%	1,756	2,036,141	7,845,782

CITY OF NEWTON, IOWA
COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
ASSESSED VALUATION (UNAUDITED)

Levy Year	Collection Year Ended June 30	Levy For			
		Newton School District	City of Newton	Jasper County	Area Schools
1999	2000	\$ 15.39680	\$ 15.41000	\$ 9.87591	\$ 0.52451
2000	2001	15.40482	15.10449	7.12568	0.54506
2001	2002	15.04789	15.10000	7.02263	0.54454
2002	2003	15.83348	15.53000	5.84654	0.54584
2003	2004	16.40942	15.38000	5.89480	0.58184
2004	2005	17.19063	15.94998	8.06036	0.59856
2005	2006	16.78900	15.95000	9.16450	0.68408
2006	2007	16.91412	16.63000	9.24852	0.68688
2007	2008	16.48184	15.79100	9.17034	0.60276
2008	2009	16.73813	15.65673	9.29114	0.84695

Table 6

<u>Extension Council</u>	<u>County Assessor</u>	<u>Tuerculosis Eradication</u>	<u>Total</u>	<u>Percent of City of Newton Levy to Total Levy</u>
\$ 0.09314	\$ 0.24894	\$ 0.00500	\$ 41.55430	39.92%
0.10559	0.31415	0.00500	38.60479	39.59%
0.11130	0.31981	0.00500	38.15117	39.50%
0.13572	0.32864	0.00400	38.22422	40.10%
0.14192	0.31173	0.00400	38.72371	36.40%
0.14490	0.30222	0.00400	42.25065	37.02%
0.14902	0.34677	0.00400	43.08737	36.22%
0.16251	0.38972	0.00400	44.03575	39.05%
0.15230	0.38173	0.00350	42.58347	36.87%
0.17218	0.12438	0.00350	42.83301	36.55%

Table 7

CITY OF NEWTON, IOWA
COMPARATIVE RATION OF GENERAL OBLIGATION BONDED DEBT TO TAXABLE VALUE
AND GENERAL OBLIGATION BONDED DEBT PER CAPITA (UNAUDITED)

Date	Population Per Census	Taxable Value (Agricultural Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/1999	14,789*	\$ 421,775,111	\$ 13,642,013 (1) (2)	0.032344	\$ 922.44
6/30/2000	14,789*	423,094,033	13,268,803 (1) (2)	0.031361	897.21
6/30/2001	15,579**	434,293,599	14,514,058 (1) (2)	0.033420	931.64
6/30/2002	15,579**	427,155,346	12,978,392 (1) (2)	0.030383	833.07
6/30/2003	15,579**	418,921,161	13,963,029 (1) (2)	0.033331	896.27
6/30/2004	15,579**	427,155,346	13,032,467 (1) (2)	0.030509	836.54
6/30/2005	15,579**	420,783,396	13,125,190 (1) (2)	0.031192	842.49
6/30/2006	15,579**	426,286,988	24,042,419 (1) (2)	17.730620	1,543.26
6/30/2007	15,579**	422,991,842	26,133,084 (1) (2)	16.186067	1,677.46
6/30/2008	15,579**	436,831,194	26,569,030 (1) (2)	16.441368	1,705.44

* 1990 census figures.

** 2000 census figures.

(1) Includes capital loan notes payable.

(2) Includes future capital lease payments.

CITY OF NEWTON, IOWA
SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
JUNE 30, 2008

Fire and extended property coverage - all risk - \$1,000 deductible:	
APD Vehicle	\$ 4,033,391
Buildings	26,934,070
Personal property	3,607,348
Miscellaneous property	2,980,216
Fire and extended property coverage - all risk - \$500 deductible:	
EDP Hardware	72,200
Comprehensive automobile coverage:	
Bodily injury	2,000,000
Property damage	2,000,000
Uninsured motorist/underinsured motorist	1,000,000
Comprehensive	100 deductible
Collision	1,000 deductible
Comprehensive general liability	2,000,000
Boiler explosion damage to boiler and building	1,500,000
Umbrella excess liability coverage(includes auto bodily injury and property damage)	3,000,000
Ambulance and EMT professional liability	2,000,000
Airport liability	5,000,000
City clerk legal liability bond(errors and omissions)	2,000,000
Public officials liability	2,000,000
Workers' compensation	Statutory limit

CITY OF NEWTON, IOWA
SEWER FUND DATA (UNAUDITED)
JUNE 30, 2008

Sewer customers served at June 30, 2008 6,211

Sewer rates in effect at June 30, 2008:

Minimum charge of \$7.11 per month plus \$2.28/100 cubic feet over the first 200 cubic feet used.

A surcharge factor is levied for the following customers whose waste waters exceed normal domestic waste water:

<u>Customer Type</u>	<u>Surcharge Factor</u>
Newton schools	1.1
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick serve and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6

CITY OF NEWTON, IOWA
 MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
 JUNE 30, 2008

Ten Largest Employers in Jasper County

Name (1)	Business Activity
Skiff Medical Center	Hospital
Progress Industries	Contract assembly
Wal-Mart, Inc.	Retail
Iowa Telecom	Communications
Hy-Vee Corporation	Food retailer
CGB Printing	Commercial printing
Rock Communications	Commercial printing
The Vernon Company	Specialty advertising
Seabury & Smith	Insurance
Newton Manufacturing	Specialty advertising

Ten Largest Taxpayer by Assessed Valuation (does not include utilities)

Name (2)	Business Activity
AG/IRG WPP Newton LLC	Former Maytag manufacturing plant
Wal-Mart, Inc.	Retail
Newton Investments LLC	Two hotels
Love's Travel Stop	Convenience store/gas station
Hy-Vee Corporation	Food retailer
IWA Services LLC	Local phone/internet/communications
US Motorsport Corporation	Iowa Speedway land/infrastructure
Pence, Levi	Funeral home and various rentals
American Healthcare Invst. LLC	Two nursing homes
Dondim LLC	Ford auto sales

(1) Source - Iowa Workforce Development

(2) Source - City's Assessor's Office

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